

The University of Chicago

**SOME ASPECTS OF THE INTERRELATIONSHIPS
BETWEEN LABOR UNIONS AND THE
COMPETITIVE PRICE SYSTEM**

**A PART OF A DISSERTATION SUBMITTED TO THE FACULTY
OF THE DIVISION OF THE SOCIAL SCIENCES IN CANDIDACY
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY**

DEPARTMENT OF ECONOMICS

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By

CHARLES E. LINDBLOM

Reprinted from

QUARTERLY JOURNAL OF ECONOMICS

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THE UNION AS A MONOPOLY¹

SUMMARY

Introduction, 671. — I. The Tactic of Union Monopoly, 674. — II. The Inadequacy of Limits on Union Monopoly, 679. — A. Competitive Checks through Unemployment, 680. — B. Price Increases as a Restraint on Union Monopoly, 689. — C. Employer Resistance as a Check on Union Monopoly, 691. — III. Non-wage Elements in Labor Costs, 693. — IV. Union Power and the Power of Enterprise Monopoly, 694. — V. Other Factors in Union Power, 695. — VI. Conclusion, 696.

Economists have recently been taken to task by Richard A. Lester for what he believes to be careless analysis of the role of the union as a price-maker.² He is justified in complaining that economists have often labelled the union a monopoly with inadequate evidence. And undoubtedly he is correct in observing that analysis of labor markets as though they were commodity markets is a source of serious error in generalizations about the behavior of unions and the wage-making process.

His statistical evidence that unions have not followed monopoly pricing policies is not persuasive in view of the more elaborate attempt at measurement of union power published recently in this JOURNAL by Arthur M. Ross, which indicates that unions have been able to raise wage rates significantly above comparable non-union rates.³ But Ross himself does not believe that his evidence of differentials between union and non-union rates proves the existence of union monopoly, for he is in agreement with Lester that unorganized markets are quite imperfect and that the higher union rates may be more truly competitive than the lower non-union rates. He also agrees, it would appear, that commodity-market reasoning is inadequate to explain the wage-making process, and that the proof of union monopoly is analytically difficult, as well as statistically impossible.

1. For their criticism and suggestions, the writer would like to thank John T. Dunlop, Edward H. Chamberlin, Lloyd R. Reynolds, George J. Stigler, and Arthur E. Monroe.

2. Richard A. Lester, "Reflections on the 'Labor Monopoly' Issue," *Journal of Political Economy*, LV (December, 1947), 513-536.

3. Arthur M. Ross, "The Influence of Unionism upon Earnings," this JOURNAL, LXII (February, 1948), 263-286.

Nevertheless it can be argued that unions have now finally achieved a significant degree of monopoly power; and such an argument can easily avoid the fallacies which Lester has criticized, especially those of false analogies between commodity and labor markets.

Monopoly wage policy is, of course, more than pushing wages up. The union is a monopoly because it can and will push wage rates up to levels which cause inflation or unemployment. There is no way to prove *directly* that unions are now in a position to do this and that they will therefore proceed to use their new power. Instead it must be shown that, given union aims and power, wages may be pushed to monopolistic levels, and that they will be, in fact, unless certain checks or limits hold unions to competitive rates. *These limits*, it will be argued, *are now inadequate*.⁴

We shall call wage rates which are not the product of union monopoly power "competitive" wage rates. But these rates are not those of "perfect" competition, nor do they approximate them. In the absence of unionism, wage rates reflect a wide variety of "imperfections" in competition, including, of course, monopsony.

Furthermore, these non-union rates may be no more desirable than union monopoly rates. To argue that the union is a monopoly is merely to say that union wage policy will now give rise to a particular kind of problem which has not previously been important; it is not to say that in the absence of unions no problems of wage-price-output relationships exist. Thus, for example, union monopoly may significantly raise the price level secularly, but the absence of union monopoly might mean more short-term instability in the economy than with strong union control over wages.

Competition is so much taken for granted, that we come to think of what is here defined as competitive wages as "natural," and in some sense inevitable and automatic. Many economists have great faith in the power of the "market" to hold wage rates down. Actually, however, there are no natural, automatic, or inevitable forces driving wages to what we here call competitive

4. As is to be expected, the power of the strike varies from one situation to another. Hence some unions will never achieve monopoly strength; their wage rates will increase only with productivity. Strictly speaking, therefore, "the" union is not a monopoly; only this or that union is. But, on the other hand, many unions are strong enough to set in motion wage changes which ultimately sweep over much of the economy. Thus as a whole "the" union is more than the sum of its parts.

levels. There are what are called competitive forces, but they are the product of certain man-made rules and circumstances. They work automatically and inevitably only under certain specific conditions. Because unionism alters rule and condition, these competitive forces are ineffective in maintaining competitive levels. No longer is there any presumption that strong tendencies toward competitive rates exist. The structure of the market is drastically changed by strong unionism, and the regulatory powers of competition are disorganized. Nor is there any reason to expect market forces to hit upon competitive wages by accident or as a result of labor's tug-of-war with management. The downward pressures on wage rates are not at all like the upward pressures, and they do not reach an equilibrium.⁵

Because the argument on union power turns on what unionism is now finally able to do to market organization, it is not necessary to argue that union income goals are any more monopolistic than they have ever been. The goals have not changed. Rather the union's ability to achieve its goals is now much strengthened. Union wage policy is essentially opportunistic, as it has always been. Although the many "principles" of wage determination which become popular from time to time in union circles are of some importance in the timing and strategy of wage demands, they are for the most part window-dressing. Unionists do not want wages based on cost-of-living or ability-to-pay; they want "more." They look upon wages as income and only secondarily see them as costs.

5. The market forces which operate when unionism is established include many which might be thought to impose effective upper limits on wage movements. Competition among firms for customers will presumably still constitute a strong pressure for cost reduction. Other forms of competition will also persist: between industries, machines and labor, and non-union and union workers. All of these would seem to threaten the union should it attempt to raise labor costs significantly in any one industry or process. And foreign competition might be thought to restrain the union from excessive increases either in certain industries or for the economy as a whole.

In addition, employer resistance in the bargaining process, public opinion, and several forms of self-restraint become possible limits on wage increases under unionism. Self-restraint may arise from internal political conflicts and processes within the union itself, from the fear of worsening the union member's position as a consumer, or from a fear of government regulation of union monopoly. Finally, unemployment and inflation themselves — the consequences of union monopoly — might be thought to warn unions away from monopoly policies.

It will be argued that none of these possible limitations is adequate, either singly or in conjunction with any others. No effective limits exist.

And they are not impressed with any arguments that something called a "competitive" rate is correct, in the public interest, or in their own interest. So far as aims are concerned, unionism has always, therefore, been potentially monopolistic. All that was missing was power.⁶

I. THE TACTIC OF UNION MONOPOLY

Monopoly has long been identified with the business enterprise. As a result, economists have been slow to recognize that union monopoly operates on a pattern of its own — and one which gives it more power than would otherwise be thought. Professor Viner, for example, has said:

The closed union plus the closed shop, the two combined, assuming that they use the power at their command, by excluding otherwise eligible workers from work in a particular occupation force them into less productive fields. . . .

When I speak of monopolistic "trade unionism," therefore, I include any code of practices . . . provided it leads to the same concrete results, restriction of access to an occupation and deliberate reduction of the amount of output per worker per day.⁷

A recent textbook in economics reads:

. . . a union is not likely to maintain . . . an increase in wages unless it can somehow *limit the number of new entrants* to its occupation. . . . A union, like any other monopolist, can raise its price only by restricting supply.⁸

The fact is that union monopoly does not depend upon control of entrance to a trade and output restriction. A union ordinarily establishes monopoly power more simply and directly than through these techniques for control of the labor supply. Union power is greater than could be established by these practices.

While enterprise monopoly is not all of one pattern itself, it usually operates through control over supply. In enterprise monopoly, a restricted amount offered on the market will bring a high price. The restriction is achieved by power over supply

6. For evidence and argument on union wage goals, see A. M. Ross, "Trade Unions As Wage-Fixing Institutions," *American Economic Review*, 37 (1947), 566-588; A. M. Ross, "What is Responsible Wage Policy?" *Southern Economic Journal*, 14 (January, 1948), 266-284; and Charles E. Lindblom, "The Income Goals of Unionism," *Southern Economic Journal*, 14 (April, 1948), 420-432.

7. Chamber of Commerce of the United States, *Wage Determination and the Economics of Liberalism* (Washington, 1947), pp. 24ff.

8. Frederic Benham and Francis M. Boddy, *Principles of Economics* (New York, 1947), p. 250.

sufficient to restrain a possible competitor from coming on the market with a supply of the monopolized commodity. The restriction may be enforced in various ways, as, for example, by a tariff, patent or other legal privilege.

Union monopoly, on the other hand, does not require and cannot ordinarily establish control over the supply of labor through devices such as restriction of entry. A group of workers cannot destroy competing workers as a firm can destroy competing firms. Nor can it ordinarily enlist government support to make the work of the competitors illegal. Neither can it restrain every potential competing worker from entering its labor market.

But it can coerce the employer into submitting to the union. Union monopoly regulates the wage rate, therefore, not by sustained control over supply but by control over the buyer. The technique used to establish this control is, of course, the strike; but its importance is wholly misunderstood unless it is seen as a method of controlling the buyer.

If this distinction between enterprise and union monopoly is explored, its significance becomes apparent. Where power rests on control of supply, the firm can obtain a monopoly price merely by decreasing the amount offered on the market. Competition among buyers for the restricted supply will drive the price upward, although to some extent buyers will turn to substitutes or simply buy less. Alternatively, it is possible for the firm to establish an administered price, simply by announcing the price at which the firm is willing to sell. Of course, a large buyer can often induce the seller to higggle over price. If so, the price is finally agreed upon through mutual persuasion under circumstances in which one party or the other will at some price turn to a substitute commodity or go out of the market rather than make further concessions. The seller can always fall back on simple output restriction or administered price if higgling is unsatisfactory.

The overwhelmingly important element restricting monopoly price is competition — the possibility of buyers' turning to substitutes or spending their money on any one of the thousands of commodities that vie for the consumer's dollar. This explains the necessity of establishing enterprise monopoly on control of alternative sources of supply.

In contrast to enterprise monopoly, the union ordinarily cannot discipline the work force well enough to measure out a

restricted supply of labor onto the market. It will therefore be unable to bring about competition among buyers of labor which will drive the wage rate up to the desired level. Nor can a union ordinarily administer price, i.e., set a wage rate at which it is willing to dispose of the labor of its members.⁹ The union is almost always forced to bargain or higggle with the buyer — the employer. But it cannot higggle in the manner of an enterprise monopoly because it lacks control of supply. Rather than permit the employer to act freely in accepting or rejecting its proposed wage rate, the union forces him to accept its terms. In a sense, the union compels the employer to ignore available alternatives. A strike, for example, restrains the employer from hiring low-wage workers who would otherwise be available to him. The union's higgling is part of a coercive tactic.

What would happen if a union attempted an "administered price" policy, simply announcing a wage rate at which labor would be available? The union would be in quite a different position from the enterprise, which can forbid any of its salesmen to sell its product at less than the prescribed rate. Individual union members would appear for work, only to be told that the employer would hire at less than the union rate — at the employer's own administered wage rate. Just as the employer sets price, he has the immediate and legal authority over what wage rate he *offers* his employees. To each individual worker, therefore, the choice is between the employer's wage rate or none at all. He will be strongly tempted to work on the employer's terms.

At such a juncture, the union must either restrain individual workers from offering their services to the employer or restrain the employer from offering less than the union rate. Ordinarily it cannot do the former, because policing thousands of workers is an impossible task. Not only union members themselves but non-union workers need to be restrained. Consequently the union will apply its pressures to the employer. If he can be prevented from offering less than the union rate, the problem of enforcement is solved; and the weakness of individual workers will not be given a chance to break the union rate.

What would happen if the union chose the alternative method

9. The "standard rate" of unionism is sometimes incorrectly thought to be an administered wage rate. Ordinarily, however, it is a negotiated rate, won through the union's control over the buyer — the employer.

by which enterprise monopoly raises prices — putting a restricted supply of labor on the market, allowing competition among buyers of labor to bid up the wage rate? The same problem of enforcement arises, and the same tactic is required. Non-union workers would supply the employer's needs wholly or in part, and even union members would offer their services to the employer rather than remain unemployed. The union would again be driven to control the employer.¹

Common as the strike is, its significance for union monopoly is often missed. It is not simply a refusal to work. It is a punitive measure to force the employer to submit to the union. Its aim is to make it more profitable for him to grant the union's demands than to continue the work stoppage. Specifically, it compels him to disregard the possibilities of obtaining labor at less than the union rate even if some workers individually wish to offer their services to him for less.

In conducting a strike, the union does attempt a kind of control over the labor supply, it is true. A strike is won only if the labor supply can be pulled away from the employer until he concedes. But this type of control of supply is merely a strategic maneuver at a critical time in order to interrupt the operations of the firm. Its objective is control of the employer's behavior, and only the minimum part of the labor supply necessary to close down the plant temporarily is disciplined. The union does not intend to stimulate competitive bidding for labor. Nor does it expect that its wage demand will be respected as an administered price by all workers in the labor market who might possibly

1. Only under one set of circumstances would a scheme for restricting supply appear promising. If supply is restricted by limiting membership so that no member is without work, the only threat is from non-union workers. If they cannot acquire the necessary skill, their threat too is gone. The union could presumably then regulate supply and expect the employers to bid up the wage rate.

The difficulty with such a scheme is that the union cannot itself prevent non-union workers from acquiring the necessary skill. It can only do so if it can restrain employers from offering experience on the job to non-union workers. But again, then, union power hinges on control of the buyer, not of supply. For other reasons as well, the union will ordinarily be unable to carry off a scheme such as this. For one thing, it would be successful only in the skilled trades. In addition, it turns on the union's ability to restrict its membership, which, for reasons to be mentioned shortly, is much overrated. But the flaw in such a plan which alone would be its undoing, is that it depends on prior control of the employer and is really not a method of controlling supply at all,

become employees of the struck plant. It is not at all like either the control of entry to an occupation or the restriction of output per worker on which union monopoly has been alleged to rest.

The simplicity of elementary economic theory has been a stumbling block to a correct perception of the tactic of union monopoly. Elementary theory declares that, if a seller's price is above the competitive level, competing sellers will be attracted to his market, will undercut the high price, win the buyer away from the high-priced seller and establish the competitive rate in the market. This is a real possibility for competing enterprises, but not for competing workers.

An individual unemployed worker willing to offer his services at less than the prevailing wage rate has almost no opportunity to bid himself into the labor market with his low offer even in a non-union market. In an unorganized market in which the prevailing daily wage rate for an employer is, say, ten dollars, individual workers willing to work for nine dollars per day will not gradually displace the ten-dollar workers. Most employers do not want to demoralize their employees by discriminatory wage rates. The unemployed and willing nine-dollar workers will ordinarily affect the prevailing wage rate only through an employer's decision to cut the wage rate for the group of workers as a whole.^{2 3} Again,

2. Elementary theory may also compare unionism with a cartel or trade association. Both are aggregates of individual sellers, and both face a problem of enforcing the organization's rate or price. But here the similarity disappears. The cartel or association seeks to enforce its price by control over sources of supply of the monopolized commodity — the sources being the members of the organization. It may deprive the price-cutter of his necessary raw materials, break off his banking connection, damage his reputation, and the like. The union, on the contrary, disciplines the buyer. The union cannot effectively forbid its member sellers to sell low, but it can forbid the buyer to buy low.

In the contrast between the cartel and the union, the strength of the union tactic shows itself. An occasional willing price-cutter is a serious immediate threat to the cartel's monopoly price. The cartel must always be on guard against its own membership, for first one member and then another will experiment with price reduction. Except in special cases, the union is happily free from a similar threat to its rate. A thousand willing wage-cutters will not break its hold on the market. They cannot sell their labor at less than the established rate unless the employer changes his whole wage structure. This he cannot do so long as he is pledged in contract to abide by the union rate. The union need watch only him.

3. No doubt the skeptic remains who cannot reconcile the argument so far with the observed use of apprenticeship, entrance restriction, permit cards and the like. Long considered to be tactics for controlling the supply of labor, they are actually either of little importance or useful primarily as supplementary devices for the control of the employer,

it follows, therefore, that the union can control the price of labor if it can control the decisions of the employer, regardless of sustained control over the labor supply.

Consider first apprenticeship regulation as one possible method of controlling the labor supply. If the only way to acquire a skill were through union apprenticeship, it might seem that unions could limit union membership and then push rates upward by restriction of the labor supply. The actual possibilities are insignificant. It has already been observed that apprenticeship regulations are possible only where skills are required and thus are found only in the craft unions. No less important, few unions dare make apprenticeship an actual prerequisite to membership (Sumner Slichter, *Union Policies and Industrial Management*, Washington, 1941, p. 9). Men will acquire skills in non-union firms without apprenticeship; the union has less to fear from them if they become members than if they constitute an uncontrolled threat from without.

The few national unions requiring apprenticeship for membership and employment are organizations whose strength is maintained primarily by the strike. It would be impossible otherwise for them to win the employer's assent to apprenticeship regulations, without which the union could not bar the non-union skilled worker from employment. Apprenticeship is merely a supplementary regulation which can be established only where control is already achieved through some other method.

As an alternative to apprenticeship, craft unions will occasionally oppose publicly supported vocational training for fear of glutting the markets for their skills. It is not an important tactic. The impossibility of stamping out private non-union and anti-union schools and of eliminating training on the job in non-union shops has apparently brought unions to the conclusion that restriction is not a desirable policy. Publicly supported and controlled training may be more favorable, they think, than privately controlled training.

Another possible control is licensing. Plumbers, stationary engineers, electricians, firemen, barbers, and motion-picture operators are licensed by law in a large number of states and cities (Slichter, *op. cit.*, p. 49). These laws have probably tended to raise wages, it is true, but not directly through restrictions on the labor supply. Rather they operate indirectly, as Slichter observes, to make it easier for unions to win strikes, for they increase the difficulty of obtaining temporary workers as strike breakers.

The closed shop is allegedly the most powerful of all regulatory devices. Although some unions may appear to have attained control over the labor supply with closed shop contracts and membership restriction, power actually rests on control of the employer. Like the other devices, the closed shop plus membership restriction is supplementary to control through the strike power, to which it superficially appears to be an alternative.

The proof of this is in union membership policies. National unions are learning to avoid restriction on membership; they discourage the restrictive practices of local unions. Closed shop agreements providing that employers must hire only union members are uncommon. The employer is ordinarily free to hire non-members on a union-shop basis if no further union labor is available. And contracts which require the employer to hire only union members frequently contain provisions compelling the union to keep its membership list open and its dues and initiation fees reasonable (Slichter, *op. cit.*, pp. 57, 64 and 71).

The logic of these provisions is clear. The non-union worker is not eliminated from the market simply because he is not a member of the union.

II. THE INADEQUACY OF LIMITS ON UNION MONOPOLY

To pass on now to the main line of argument, we can quickly specify the forces operating in the economy which might limit union wage gains, and which can be shown to be inoperative or weak. (1) Employment opportunities may be restricted as wage rates rise above competitive levels for any of the following reasons: (a) the employer loses business to competitors in the same industry, (b) the employers in an industry lose business to other industries, (c) low paid non-union labor replaces union labor, and (d) labor-saving machinery replaces union labor. (2) The union may not wish to pursue money wage gains which are offset by price increases, leaving real wages unchanged. (3) The employer may resist union demands for a number of reasons which may or may not be connected with the other limitations here listed. We shall now consider the first of these three major possibilities of checking union monopoly.

A. Competitive Checks through Unemployment

There is a device with which we may present in relatively simple form the possibilities that loss of employment opportunities as wage rates rise will serve as an adequate check on union monopoly. We merely assume a hypothetical union faced with no limitations whatever on what it does except the knowledge that high wage rates may destroy employment opportunities. In other words, we ask what limitations will be imposed upon wage policy by the shape of the demand curve for the union's labor. In the absence of other limitations on union wage demands, are high wage rates less advantageous to the membership than competitive wage rates? What wage rate is to be desired?

He is in the market, and nothing can prevent the employer from hiring him except the power of the union to control the employer. Because the strike is the real basis of whatever power the union has over the employer's hiring, the union cannot tolerate hostile workers outside the union who are willing to act as strike breakers. The union is therefore led to encourage rather than restrict membership.

This suggests, of course, that there is one way to control supply: organize all the workers. In some industries, organization is sufficiently strong so that workers need not fear non-union workers. But even this does not give the union useful control over the labor supply, because a high degree of organization is possible only if no attempts are made to restrict the labor supply. And there is always the problem of controlling the wage offers of the union members themselves. Hence, wage demands must still be pursued through tactics aimed at the buyer.

The answer which leaps to mind is that the union will choose that wage rate which when multiplied by the number of jobs or hours of work available at that rate will produce the largest wage receipts. That is to say, the desired wage rate will be at the point of unit elasticity of demand for the relevant kind of labor, if there is such a point. But this is obviously incorrect. It might be correct if the union as an organization were to maximize income to the group as a whole and then distribute it among the membership; but the wisdom of such a hypothetical policy would even then depend upon the relationship between the wage rate and the number of workers in the union.

Actually, there is no one correct answer to the question of the most desirable wage rate; and it is impossible to find one, because the union is in a sense not itself a monopoly but an organizational device permitting individuals to be monopolists. To answer such a question, it is necessary to specify in whose interests the union is being run. The union may seek to increase the incomes of all of its members, a majority of its members, or a power-holding minority within the organization. Since, as a result of wage increases, some members of the union will receive higher wage rates and others will lose their jobs, it is not possible to say that any one policy represents a closer approximation to an intelligent pursuit of the union's interests than several others.

A number of possible policies or circumstances must consequently be examined. It stands out immediately, of course, that in any circumstance in which the demand curve for the relevant kind of labor is perfectly horizontal at the prevailing rate, that is, in any case in which any wage increase at all would reduce employment opportunities to zero, the rate desired by the union is that dictated by the horizontal demand schedule. Monopoly power completely disappears.

On the other hand, there may be no demand curve for the labor of the union's members, at least in the traditional sense. Often the primary effect of a wage increase is to tighten up managerial efficiency, and in many circumstances the wage increase may occasion no change of any kind in the firm's plans either because costs are not increased or because earnings are allowed to fall. Clearly in the short run there is no simple functional relationship between wage rates and output and employment in a firm. In the absence of a functional relationship, monopoly wage policy

will not be curbed by unemployment, although in many cases, of course, wage increases under these circumstances (as when they do not increase costs, for example) will be competitive rather than monopolistic.⁴

Where a functional relationship between the wage rate and the volume of employment for a union holds, and where it is not such as to reduce the employment available to zero as a result of a wage increase, we can imagine as one possibility in union policy a situation in which individual increases in income are pursued within the union by majority rule, each individual seeking with his vote to establish that wage policy which will maximize his own income, there being some predictability in the order of dismissal. The wage rate sought under these circumstances will be the highest wage rate consistent with the employment of a majority of those belonging to the union.⁵ If the further very realistic assumption is made that unemployed members of the union drift away and drop their membership, there will be no competitive check through job losses if the rate rises indefinitely as newly constituted majorities among the survivors increase wage rates further; not *ad infinitum*, to be sure, but until the union, firm, or industry is brought to collapse. Minority rule within the union will accelerate this process.

Assume as a second possibility the maximization of individual incomes through some arrangement within the union — a unanimous vote; for example — which guarantees that only those increases will be sought which are consistent with full-time employ-

4. On the absence of a functional relationship between wage rates and employment in firms and industries under certain conditions, see A. M. Ross, "What is Responsible Wage Policy?" *Southern Economic Journal*, 14 (January, 1948), 266-284.

5. Whether a union can tolerate the large amount of unemployment in its own labor market that would result from such a policy for fear the unemployed would undermine the union rate depends upon the employer's attitude, to be discussed below. It follows from the discussion above of control of the buyer that a large amount of unemployment is not necessarily a threat to the union. Ordinarily, unemployed members do not advocate wage reductions as a method of creating jobs; but, assuming that they did, they would be ineffective either because they were a minority or because they would drift away from the union seeking work elsewhere. Nor can they bid themselves into the market.

The only threat from the unemployed is the possible attractiveness to the employer of a low-cost labor supply, presumably available to him if he could break the union's power. The threat of unemployed workers depends, then, upon employer resistance, and upon the union's power to strike.

ment for all members employed before the increase. This and the preceding hypothesis (majority rule) provide two extremes of policy: one in a sense exploiting a minority, the other avoiding discharge of even one employed member of the union.

This second hypothesis might seem at first glance to preclude any wage increases, but would actually do so only under very rare assumptions. If the firm or industry is expanding as the result of increased demand or decreased costs, wage increases may not reduce employment opportunities. A movement upward to the left on the demand curve, indicative of the decrease in employment opportunities as wage rates rise, is offset by a shift in the demand curve as a whole to the right. Many cost-reducing technical innovations under competitive conditions result in lower cost and higher output and employment; the union can in effect transfer the benefits of technical innovations from the consumer to the members of the union through higher wage rates without loss of employment. It is also possible under this hypothesis to increase wage rates in such a manner as to decrease employment opportunities at the same rate at which members are separated from their jobs and from the union through voluntary transfer and retirement.

How close can we come to reality from these hypotheses? Certain critical factors emerge.

With respect first to elasticity of demand for labor, there are certain circumstances in which, no matter how aggressive the wage policy, competition will prohibit wage increases by reducing employment to zero. The demand curve for labor for an individual firm or plant is perfectly elastic for price increases under perfect competition in the long run; from which it follows that monopoly power cannot be successfully exercised over a very long period of time by a plant-wide or firm-wide bargaining unit in a highly competitive situation in both product and factor markets. But the effect of various "imperfections" in competition, either in the product market or in factor markets, is (where it does not destroy the functional relationship between wage rate and employment) to create a sloping demand curve for labor for the firm, indicating that varying amounts of labor will be hired at varying wage rates above the competitive level even if competitors are not required to pay the same rates. Therefore, in local bargaining where competition is imperfect, unions can raise wage rates to the

degree indicated by the hypotheses; and an aggressive wage policy is not adequately checked.

In the short run, which may cover a number of years, the possibilities of controlling the wage rate are even greater, since competitive influences take time in which to operate. That is to say, the demand curve for labor to the firm becomes highly elastic only with the passage of time even in rigorous competition. There is nothing irrational about exploiting short-run advantages to the full, as many unions have done. Prejudice or injury to long-run advantages may be irrelevant to workers in the older age groups, and uncertainty concerning one's future in a particular market may render considerations of the long run unimportant to young and old workers alike. Hence, significant monopoly is to be expected in the short run in local bargaining.

But the monopoly power of unionism which stems from "imperfections" in competition or from disregard of the long run is minor when compared to monopoly power from industry and national wage policies. In industry-wide bargaining, or bargaining coördinated by a national wage policy, unionism has found its major method of breaking through the restrictions which competition imposes upon wage demands in the form of unemployment.⁶

6. Industry and national wage policies have been made effective in a number of ways. Where inter-firm competition is primarily local, competing enterprises in one small area constitute the industry, as, for example, in building, laundering, or milk delivery. For other than local trades, collective bargaining must go beyond local organization if it is to cover the industry. Formally established regional bargaining is, however, not yet widespread, although it is important in longshoring, lumber and maritime industries, and metal mining (U. S. Bureau of Labor Statistics, "Collective Bargaining with Associations and Groups of Employers," Bulletin No. 897, 1947, p. 3). And formal industry-wide bargaining is even more rare, although it is established in such a critical area as coal mining and in a few less important industries.

The absence of formal collective bargaining conferences on an industry-wide basis does not mean that other procedures do not bring about the same results. Today the evidence of new union power on an industry and national basis is that, quite without formal machinery on an industry level, key wage bargaining relationships set the general pattern for wage determination in entire industries and often for other industries as well. Even non-union rates are influenced by these key decisions, since the non-union employer's best defense against organization of his own plant is to pay union rates or better.

A common procedure is negotiation with individual employers or plants after the national union has formulated uniform policy for the locals to follow. In the meat-packing industry, the principle packers sign individual agreements with the union, but expiration dates are the same and uniform wage policy is achieved. In some other cases, a single negotiation embraces the dominant

It would be unnecessary to elaborate on the general significance of industry-wide and national wage determination if we did not so often miss the meaning of the events taking place about us. Government price-fixing apart, the economy has never before experienced anything like it. Private power over price in enterprise monopoly is an old story. But enterprise monopoly has never been so coördinated as both employer and union wage policies now are. In setting the price of labor, collective bargaining represents a larger exercise of discretionary authority over price than has ever before been accomplished. Today for the basic resource of the economy — labor power — the price-making forces of the market have been supplanted by private administrative authority on a vast scale.

In the case of industry-wide wage determination, competition among firms largely disappears as a limitation on wage policy, and only competition among industries remains. Ultimately, all products compete with each other; but, although this makes it certain that industry-wide wage increases will often restrict sales and employment opportunities in the industry, it provides not the least assurance that employment opportunities will decline as sharply as they must if they are to prohibit monopoly rates.

It goes without saying that sales of the products of some industries are so sensitive to price increases that large wage firms, who act as wage leaders for the industry; wage increases in the rubber industry, for example, have been negotiated with the "Big Four."

In the steel industry, negotiations with United States Steel set the pattern. Perhaps this is the most important single wage bargain in the economy, for once this settlement is reached, thousands of wage contracts and non-union rates elsewhere in the economy fall in line. Negotiations between the United Automobile Workers and General Motors constitute another major nerve center. And, of course, formal industry-wide bargaining in coal is a major pivotal settlement for other industries (Frederick H. Harbison, "A Plan for Fundamental Research in Labor Relations," *American Economic Review*, XXXVII, May, 1947, Supplement, p. 381).

Beyond these, there are key bargains in flat glass, electrical equipment, aluminum, shipbuilding, agricultural equipment, and shoe machinery. They are interrelated: a contract which is a key for one group of industries may itself have been largely decided in another nerve center to which it is subordinated. Perhaps, as Dunlop has suggested, between twenty-five and fifty major bargaining relationships fairly well set the wage pattern for the economy as a whole, union and non-union rates alike (John T. Dunlop, "A Review of Wage-Price Policy," *Review of Economic Statistics*, XXIX, August, 1947, 154-160).

increases will produce disastrous reductions in employment.⁷ In these cases, union monopoly will be more effectively curbed. But competition among industries cannot in general operate with anything approaching the effectiveness of competition within an industry. High costs and prices can easily destroy a firm — a time does come when a firm will close down rather than pay a higher wage rate. But high costs and prices for all firms in the industry will not destroy the entire industry, since the products of other industries are not so readily substituted. High costs and prices will turn some buyers away; but other users of the high-priced commodity will persist in buying even at the high prices, because the products of other industries are not satisfactory “substitutes.” At no point does the entire industry close down, as may a single firm when bargaining is local.

Much of the unemployment caused by the gradual restriction of output as wage rates rise will not be known to the union. In local bargaining where high wage rates restrict employment in the firm, the union cannot long escape noticing the consequences of its policies. In industry policies, on the other hand, high rates may cause unemployment only in certain marginal firms. Their employees may constitute a small fraction of the union membership whose plight may easily escape attention. Much more important, the gradual restriction of employment opportunities in the industry may produce no unemployed who are attached to the industry in any way. If there are too few jobs in an industry, new workers will turn elsewhere in search of work. If they find no alternative employment, they will be “the unemployed.” But they will be attached to no industry. Union policy in railroads, for example, will be no more concerned with unemployment among new unskilled workers in the labor market who have never been employed in the railroads than with unemployed harvest hands. But railway union wage policy may still have caused the unemployment of the one group by reducing, through high labor costs and high railroad rates, the railroads’ demands for labor.

If wage determination goes beyond industry policy to follow key bargains in other industries, even competition among industries will no longer work its weak restraint. For again the unemployed will not be viewed as suffering from the policies of any

7. The demand curve for the relevant labor may shift to the left as a result of general wage increases, as well as show a high degree of elasticity.

union or industry. Appearing throughout the economy, their position will be attributed to general economic maladjustment.⁸ If any union policy is applicable to such a situation, it is likely to be the stubbornly fought "No Reduction" policy through which unions insist that wage reductions are no cure for unemployment. Because reductions are *usually* no cure, this union policy gains support from government and from the public.

Several case studies of multi-employer bargaining have produced a widespread impression among labor economists that "under national or regional bargaining, wage decisions are likely to be more sensible and far-sighted, taking into consideration the economic interests of the industry as a whole, than is the case where the wage pattern is established by a 'wage leader' or by local bargaining, with the union playing one firm against another."⁹ The evidence seems to justify the conclusion, for industry-wide bargaining is well suited to many of the needs of industry, as well as to those of the national unions.

But what an industry needs — what is "sensible and far-sighted" — is often monopoly. If industry-wide bargaining restrains the undisciplined local union from over-reaching itself, it is often because it is better to make haste slowly. The far-sighted union is a more effective monopoly than one which pursues every immediate advantage in the most opportunistic way. So far, the evidence on the "soundness" of policy in industry-wide bargaining does not deny its effectiveness in reaching monopoly goals; the evidence is only that progress toward these goals can in this way be made more orderly than under local bargaining. Most emphatically, an intelligent understanding on the part of the union of the strength of inter-industry competition does not promise competitive rates, since, again, it will often be to the advantage of a union to raise wages even if doing so causes serious unemployment.

The possibilities of attaining monopoly goals in times of business expansion enlarge indefinitely under industry and national

8. We shall consider below the more probable result of general wage increases — inflation rather than unemployment.

9. Richard A. Lester and E. A. Robie, *Wages Under National and Regional Collective Bargaining* (Princeton University Industrial Relations Section, 1946). See also Clark Kerr and Lloyd H. Fisher, "Multiple Employer Bargaining: The San Francisco Experience" in R. A. Lester and Joseph Shister (eds.), *Insights Into Labor Issues* (New York, 1948).

wage determination. Because, in growing sectors of the economy, high profits encourage expansion of output but are not necessary to the survival of existing firms, unions can appropriate these profits in wage increases without reducing the number of jobs available to members. Union policy will in these cases restrict the total number of jobs that would be made available if the expansion were unchecked, but union policy is not responsive to the need for jobs for non-members not yet in the industry. If large numbers of its members are unemployed when expansion begins, the union may still press for wage increases, believing that the improved outlook for the industry will permit expansion of payroll along with wage increases.¹

The same line of argument is true roughly for cost-reducing technological innovations. Lower prices and higher output are of some advantage to the firms in the industry, but no more than high prices and restricted output if wage rates for all firms in the industry increase together. The union stands at the employer's elbow insisting on sharing the benefits of cost-reduction. The more distant consumer cannot effectively press for benefits in the form of reduced prices, unless competition among firms is permitted to hold wage rates down when costs are reduced. This the union prevents by industry-wide wage increases.

In arguing that technological innovations make it easier for the union to win monopoly gains, we may seem to be unmindful of the argument that such innovations are an effective check on monopoly. Actually, the argument that they are an effective check is mistaken. For the substitution of machines for men, like the consumer's substitution of one product for another, does not generally cause enough unemployment in an industry to guarantee that wage policy will be restrained. There is no presumption that the possibilities of substitution create a very highly elastic demand for labor for a firm or industry, although they will in some cases.

1. It may also be added, in anticipation of the discussion of employer resistance, that the employers most damaged by union policy in these cases, who would be most inclined to fight wage increases, are powerless. They are the potential employers who could enter the industry were expansion not checked by high wage rates. And employers already operating will often prefer paying out much of their gains in wage increases to encouraging through high profits the entry of new firms into their bailiwicks.

Moreover, industrial unionism has made it possible for union jurisdiction to follow changing skills and techniques. If it were true at one time that innovation could wipe out a craft, and union power along with it, this is certainly not a common danger to today's unionism. Then, too, the effectiveness of machine substitution is further reduced by union power, won through the strike, to control its introduction.

We are now in a position to observe by way of summary of this section of the paper that none of the competitive checks on union monopoly which work through restriction of employment as wage rates rise is adequate. Competition from non-union or unemployed workers is effectively controlled by the union's tactic of control of the buyer. Inter-firm competition is reduced to impotence by industry and national wage policies. Inter-industry or product competition remains, but it cannot produce enough unemployment as wage rates rise to maintain competitive rates, even if it produces enough to create a social problem. Machine substitution, we have just seen, is defective for the same reason.

B. Price Increases as a Restraint on Union Monopoly

The demand for labor for the whole economy is not at all like that for a firm or industry. Where general wage movements take place, it will often be more probable that prices rise than that employment is restricted; and it has often been suggested that unions will be restrained by this knowledge.

Because an increasing cost of living puts special pressure on union leadership to produce wage gains, it is quite probable that price increases will stimulate union demands rather than moderate them. If union policy comes to be moderated by the danger of inflation, it will therefore become so only because unions develop responsibility to the public at large and view wage policy broadly.

But it would seem almost naive to expect private power to become publicly responsible. There is little reason to believe that intelligent and reasonable union leaders will find any criteria for reasonableness other than the interests of those who put them in office to whom they owe a moral and legal obligation. Union leadership can hardly be expected to promote the interests of those outside the union, such as the general public. If the union leader is rational and statesmanlike in the sense in which we

habitually think business leadership to be, wage policy will be monopolistic simply because monopoly is profitable to the monopolist.

It is often argued that the worker is a consumer and that what he wins as a worker in high wages he may lose as a consumer in high prices. But to say that workers are also consumers is to contribute almost nothing to a calculation of the extent to which wage policies will be influenced by a concern for the consumer, for each union and unions acting together are evidently in a position to gain more for the producer interests of the membership than they will lose in their consumer interests. Even should organization be almost universal among wage and salary earners, and wage policy coördinated for all unions (which represents the circumstances most conducive to protection of consumer interests), there would still be opportunities for salary and wage earners to gain at the expense of other elements in the economy who were also consumers, to say nothing of the possibilities of benefit for some union members at the expense of the unemployed.

The CIO's insistence on sizeable wage increases following the war suggests the danger that the union movement may indiscriminately advocate wage increases as a "stabilizing influence" even in inflationary situations. But more recently, the CIO's concern for the continued upward movement of prices and its willingness to consider wage policy in the light of these price movements demonstrates that unions are by no means insensitive to the problem of inflationary wage movements.² But there is a world of difference between granting that union wage policy will not disregard the wage-level-price-level problem, and believing that the union's concern for price increases will be sufficient to restrain monopoly policy. As long as unions have much to gain for their members by general wage increases, even if they are in considerable part offset by price increases, an adequate restraint on monopoly seems improbable.

If the experience of the automobile workers in 1946 (when they insisted they would not press for increases in wages which would necessitate price increases for automobiles) is compared with the experience of the steel workers at the same time (who

2. It is not being suggested that postwar wage increases have actually been inflationary. Whether they have so far been inflationary is an open question.

accepted a wage increase contingent upon a price increase), the lesson would seem to be that union concern for the consumer and the price level will be genuine. But it will be a kind of calculation of strategy. The result is likely to be not any systematic moderation of wage policy but an *ad hoc* tactical turn when it seems strategically necessary.

Some economists have never tired of exhorting business leaders to lower prices. We are now no doubt entering an era of sermons to union leaders on their public responsibilities. But evidence is lacking to suggest that we shall meet with any more success in talking wages down than we have in talking prices down. Perhaps we shall be even less successful, for while some business leaders are defensive and uneasy in their price policies, the union leader will ordinarily insist that, ethically or morally, high wage rates are desirable.³

C. Employer Resistance as a Check on Union Monopoly

The remaining major possibility of restraining union monopoly is employer resistance to wage demands. There are several reasons for believing it to be inadequate.

The first follows from the discussion above of the union's power to control the competition of non-union or unemployed workers. The growth of unionism and its extension into almost every industry has produced a shortage of strikebreakers. With increased membership, the union rule which restrains members from crossing any picket line is sufficient to regulate the behavior of masses of potential substitute workers who only a few years ago would have constituted a serious threat to the success of a strike. And as the number of available substitute workers has declined, the employer's need for them has grown. The very size of the struck labor force may preclude replacement. The unmistakable evidence of the shift in power from these causes is the growing number of employers who no longer try to operate a struck plant.

A second factor undercutting effective resistance to wage increases is the difficulty of formulating an intelligent wage policy in the business firm. The union is fairly clear in its objectives,

3. For an analysis of experience and prospects in Great Britain with respect to responsible unionism, see H. W. Singer, "Wage Policy in Full Employment," *Economic Journal*, LVII (December, 1947), pp. 438-455.

but the employer is troubled with a complex set of input and output prices and quantities which do not easily disclose the advantage of any one wage policy over several others. The union therefore aggressively pursues increases, and the employer comes increasingly to find in key wage settlements a fairly happy rule-of-thumb. He follows the lead given him by settlements in major centers of union strength and transmitted to him through key bargains in his own or closely related industries.

A third consideration is that the strategy of bargaining further weakens the employer's resistance. Since every wage dispute puts the union to a test in the eyes of its membership, shrewd employers have often resisted demands as a method of undermining union power and even destroying the organization. But most employers are today resigning themselves to a union movement here to stay, and a major motive for resistance is now disappearing.

Management's power rather than union power is today's strategic issue. Because fresh encroachments are made upon managerial prerogatives day by day, employers now seek to protect their power by appeasing the union with wage increases. Wage concessions can often be recouped in price increases; power lost to the union is gone forever. The tables are turned; the struggle for power now lowers rather than raises employer resistance to wage demands.

More important than any of these considerations, however, is the fact that employers do not wish to resist industry and national wage increases as they resisted increases for single firms. They are not forced by loss of competitive position in relation to other firms in the same industry to fight wage increases. What they pay, their competitors pay. Any appraisal of the effectiveness of employer resistance which assumes that employers act as guardians of competitive rates is certain to go wide of the mark.⁴

It should be evident that second and third concessions, yielding each time to rates increasingly far removed from competitive levels, are no more difficult than the first. Given time for the

4. The employer may, of course, take the lead in proposing wage increases as a method of minimizing competition within the industry. See, for example, on clothing, Joel Seidman, *The Needle Trades*, New York, 1942, chapter 13; for trucking and photo-engraving, R. A. Lester, *Economics of Labor*, New York, 1941, pp. 147-155; for building trades, U. S. Congress, Temporary National Economic Committee, Hearings, Part 31-A, 75th Congress, 3d Sess. (1941), pp. 18188 ff.

adjustment of the industry's output to the new prices and costs, the firms in the industry may be quite as profitable (and therefore able to meet further demands) at rates far above competitive rates as at competitive rates. This is not to say that employers will never resist. It is only to say that their resistance is now much reduced, and that the degree of their resistance is not at all influenced by the spread between a competitive rate and the rate demanded by the union.

In concluding this section on the inadequacy of checks on union monopoly, we may take note briefly of one last possibility — foreign trade. Foreign trade introduces no new analytical possibility except to indicate that industry-wide bargaining is never completely industry-wide if it stops at national boundaries while competitive production is imported from abroad. But with the restrictions on international trade now to be found throughout the world, foreign competition will play a trivial role in limiting union wage demands in the United States. And, of course, for some industries — housing and transportation, for example — it is completely ineffective even with free trade. For other economies where foreign competition is more restrictive of domestic pricing, these conclusions would be altered.

III. NON-WAGE ELEMENTS IN LABOR COSTS

Those who are reluctant to conclude that unionism is monopolistic will hasten to point out that an increased wage rate for hours worked is not the same as a monopoly price for service performed. The point is granted. In some cases the inauguration of collective bargaining will end the employer's domination of the market, and consequent high rates will not raise costs above competitive levels. More important, the surprisingly large differences among enterprises in work organization, managerial efficiency, mechanical equipment and worker productivity provide support for the plausible argument that wage increases can be offset by gains in productivity, leaving labor costs unchanged. Nothing is gained by underestimating this possibility. One would of course expect, given the long-run trend of prices in the economy, that both real and money wage rates would show, even under highly competitive conditions, a never ending rise.

All this granted, unionism will nevertheless impose high labor

costs on the economy. The very fact that non-wage factors differ so greatly from firm to firm indicates the difficulty of controlling them as an offset to wage increases. Much depends, for example, upon the morale of management and labor, which cannot always be varied systematically and deliberately. Moreover, unions can in general be expected to adjust their demands to the employer's ability to meet them, which means that increases in efficiency may simply invite more aggressive demands. In addition, unions have established rights to control over many of the non-wage factors which the employer might wish to adjust as offsets to wage increases. The very growth of union power which produces monopoly wage rates produces at the same time a general extension of union power over non-wage factors and an insistence upon costly non-wage as well as wage concessions. It is naive to think that union wage demands will be nicely adjusted to increases in efficiency. Only by accident can the wage increases won by strong unionism go hand in hand with cost-reducing improvements. Offsets to high costs can only postpone the consequences of monopoly unionism for a time.

IV. UNION POWER AND THE POWER OF ENTERPRISE MONOPOLY

Union monopoly power is most impressive when compared with that of enterprise monopoly. Not until such a comparison is made do several aspects of union monopoly stand out sharply as sources of great strength.

A primary factor in union power is that the union escapes a limit imposed upon every enterprise by declining profits at some price. Every firm operates on a price $\times$ quantity calculation. It therefore cannot profitably move price upward indefinitely, for the gain in price will at some point be more than offset by the loss in sales. No such limit restrains the union. True, employment may fall off as wage rates are pushed up, but this does not necessarily reduce the incomes of the policy-making majority or minority within the union.

Moreover, except for periods of inflation, the consumer public expects that prices should remain constant or decline. The consumer often believes that larger outputs in an expanding economy can be had at decreasing prices because of low-cost mass production. He knows that innovation has been and still is a powerful

cost-reducing influence, the benefits of which should come to him in the form of a gradual lowering of prices for many manufactured commodities. But at the same time, the consumer expects wage rates to rise. A growing national income, he supposes, cannot equitably be divided without wage increases. Hence, while enterprise monopoly is held by public opinion (among other influences) to a stable price policy, unions can negotiate wage increases indefinitely into the future. They are everywhere accepted as reasonable, whether they are in fact based upon increases in productivity or not. In wage negotiation, the choice is coming to be limited either to the continuation of the existing rate or an increase. Ordinarily there is no real consideration given to a wage decrease.

Competition between unions will not, like competition between firms or industries, serve to check monopoly rates. The enterprise is always in competition with other sellers, while the union is not. The buyer of labor is confronted with the fact of sole bargaining rights legally granted to one union with which he must bargain. Quite aside from the law, he cannot negotiate with two unions covering the same workers. To be sure, one union may eventually threaten to displace another; but in this case the competing unions will appeal to the workers by showing their ability to raise wages rather than appeal to the employer by lowering them. Occasionally unions have sought footholds in firms by wage concessions to the employer, but the choice is ordinarily in the hands of the workers, who are more impressed by high wages than by low.

High monopoly profits induce new firms to enter an industry and undermine monopoly power, but high wage rates do not bring workers into a monopolized labor market. In the first place, high wages are a limited attraction if no jobs are available at the high rates. Furthermore, those workers who are attracted cannot ordinarily sell their labor by cutting the wage rate, for the reasons explained in the first part of this paper. A new firm can easily win customers by cutting price; a new worker cannot.

V. OTHER FACTORS IN UNION POWER

Of unquestionably great importance in strengthening union monopoly is the general moral or ethical approbation accorded unionism. It is a kind of monopoly approved of in principle,

largely without regard to its consequences, although particular policies and practices occasion special praise or condemnation. Of course, unionism can be approved of in principle and be a monopoly, without being commonly recognized as a monopoly. No doubt much of the sanction given to it rests on the conviction that it is not a monopoly, as well as upon a confused moral principle that labor is not a commodity.

In addition, moral sanction is given specifically to high wage rates, though not without exception. The public at large apparently subscribes more to the union doctrine of "wages as income" than to the competitive doctrine of "wages as cost."

But of the various external sources of union strength, none compares with government. The success of unionism is bound up with a vast number of policies of government; and unionism has been obstructed, tolerated, and encouraged all at the same time. But government's contribution to present union strength is undeniable. Having grown under government protection to its present power, unionism seems now able to continue in strength without it.

It may be added that the role played by government in recent major wage disputes applies no corrective to union monopoly. When a major strike makes government participation in its settlement inevitable, government does not pretend to do much more than find a basis for a quick resumption of work. Government has, aside from the war period, refused to establish principles for wage determination other than those agreed upon by the parties to the dispute. It is in no position to do so. Hence, wage determination with government participation is not significantly different from wage determination in its absence. If it is easier to settle a critical dispute at monopoly rates than at competitive rates, government will throw its weight behind monopoly.

VI. CONCLUSION

If the policies of union monopoly were to be described in detail, a conceptual framework would be required into which the wide variety of wage policies could be fitted in categories. Since every union and every bargaining situation is unique, such a system of categories could be made as complex or as rough as required for the purposes for which the research was undertaken.

It is hardly necessary to go that far in developing the argument that the union is a powerful monopoly, where the objective is to establish that one fact, rather than to describe the variety of monopoly policies to be found in unionism.

We have investigated the various limitations that might serve to tie wages to competitive levels, as defined at the outset of this paper. All of them are inadequate. And, in addition, we have found certain reasons to believe that union monopoly has sources of strength which enterprise monopoly is without. We can therefore conclude that under today's unionism, wage rates have broken loose from those particular market forces which have heretofore prevented wage rates from rising to inflationary levels or to levels which dampen business activity. Having broken loose from these forces, wage rates cannot be expected to remain at competitive levels.

For the last fifteen years, we have been acutely conscious of the union movement, for its growth has been turbulent and the struggle over it has been bitter. But unionism has not until recently had the power which it can now display. During the 30's it lacked the membership and coördinated national power it now possesses. During the war, its power was subordinated to the emergency authority of government. But unionism is on its feet at last and out from under wartime wage controls. It is finally a large and growing organization with successes in industry-wide and national wage movements to give it confidence and courage to step up its demands in proportion to its new power. Unionism today has a momentum such as it has never had before.

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